



A Gift from Your IRA

A Simple and Smart Way to Give

CATHOLIC
FOUNDATION

OF WESTERN KENTUCKY

Enjoy a Tax Benefit, Make a Difference

A qualified charitable distribution from an IRA is a well-established and popular way to give. If you are 70½ or older, this option allows you to make a charitable gift and satisfy your annual required minimum distribution (if one is due) without paying taxes.

How It Works

- Direct a transfer from your IRA account to us
- Exclude the gift amount from your income for federal tax purposes
- Count the gift toward your required minimum distribution for that year
- Make an immediate impact on our work

Who Benefits?

Whether you want to make a gift of \$100, \$1,000 or \$100,000 (the maximum annual aggregate amount allowed), this is a simple, effective way to make a difference, meet your annual distribution requirements, and enjoy tax benefits. Under the *Setting Every Community Up for Retirement Enhancement Act* (SECURE) passed in December 2019, required minimum distributions must begin at age 72; nonetheless, a donor can make a charitable distribution from an IRA beginning at age 70½ and pay no tax on the distribution.

The Basics

To understand the advantages of using your IRA to make a gift, it helps to understand IRA basics:

1. Since an Individual Retirement Account (IRA) is a tax-deferred retirement account, contributions within stated limits are tax deductible, and appreciation and earnings are not taxed until they are withdrawn.
2. IRA distributions are taxed as ordinary income (at a marginal tax rate as high as 37% in 2021).
3. When IRA owners reach the age for mandatory distributions, they must be taken or a penalty is applied.

The Next Step

Consult your financial and tax advisors to see whether a gift from your IRA is right for you. If it is, contact your IRA custodian to request a qualified charitable distribution. Also, be sure to let us know that we should expect a distribution from your IRA. Because a qualified charitable distribution requires substantiation just like any other gift, we want to make certain that we send an acknowledgment when we receive your funds.

To learn more, feel free to contact Valeria Vessels, Development Director at 270-852-8348 or email her at valeria.vessels@pastoral.org. We are happy to address any questions or concerns, or to discuss how this simple but attractive charitable giving option can help you realize your philanthropic and planning goals.

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